

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ADP-00 COME-00 STR-08 AID-20 DODE-00

INR-10 NSAE-00 RSC-01 TRSE-00 AEC-11 CIAE-00 SS-15

NSC-10 L-03 RSR-01 /102 W

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R 270145Z JUL 73O

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 5655

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E.O. 11652; N/A

TAGS: EIND, ETRD, JA, US

SUBJ: US FERROUS SCRAP EXPORTS

REF: STATE 131410; 136428

SUMMARY: MITI OFFICIALS INFORMED EMBASSY THAT GOJ TO LIMIT AUGUST IMPORTS OF FERROUS SCRAP TO 563,000 SHORT TONS, THAT MOST OF REFTEL REQUESTED DETAILS SUPPLIED DOC DIRECTLY ON JULY 24, AND THAT 1973 QUOTA OF 5,000,000 SHORT TONS PROBABLY USED UP BY SEPTEMBER. MITI CONSIDERS DECISION TO CANCEL, OR CARRY OVER CONTRACTS, "A BUSINESS DECISION FOR INDIVIDUAL FIRMS." END SUMMARY

1. MR. NAKANO, THE AMERICAS & OCEANIC DIVISION (FORMERLY FIRST OVERSEAS MARKET DIVISION), MITI INFORMED EMBASSY OFFICER ON JULY 25 THAT MITI HAS DECIDED TO LIMIT THE IMPORTS OF U.S. FERROUS SCRAP IN AUGUST TO 563,000 SHORT TONS ON THE BASIS OF DEPARTURE FROM U.S. PORTS. THIS FIGURE WAS PRIMARILY DETERMINED BY JAPANESE PRODUCTION PLANS. AT THIS POINT, THE AUGUST SHIPMENTS OF 19 VESSELS TOTALLING 434,610 SHORT TONS HAVE BEEN LICENSED. THE DETAILS OF THE 19 SHIPMENTS INDICATING NAMES OF VESSELS, TYPE OF CONTRACT (EITHER FOB OR CIF), LOADING AREA, AND SHIPMENT VOLUMES WERE TO BE FURNISHED TO THE DEPARTMENT OF COMMERCE (COOK)

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BY THE JAPANESE EMBASSY IN WASHINGTON (KOSUGI) ON JULY 24.

THE BALANCE OF THE AUGUST SHIPMENTS (563,000 SHORT TONS MINUS 434,610 SHORT TONS) SHOULD BE LICENSED BY THE END OF NEXT WEEK, WITH SAME INFORMATION AVAILABLE THEN.

3. JAPANESE IMPORTS OF U.S. FERROUS SCRAP IN THE PERIOD FROM JANUARY 1 TO JULY 15 WERE 3.09 MILLION SHORT TONS ON A BASIS OF ARRIVAL TO JAPANESE PORTS, (MITI ESTIMATE - SOME FIGURES NOT YET AVAILABLE). THE SHIPMENTS DURING THE PERIOD FROM JULY 16 TO JULY 31 WERE TO BE DETERMINED BY THE USG. AUGUST SHIPMENTS WILL BE LIMITED BY THE GOJ TO 563,000 SHORT TONS. THE QUOTA FOR THIS YEAR REMAINING AFTER SEPTEMBER WILL DEPEND UPON THE LEVEL OF THE SHIPMENTS DURING JULY. MITI ANTICIPATING THAT THE QUOTA FOR THIS YEAR (5,000,000 SHORT TONS) WILL BE USED UP IN SEPTEMBER, OR BY OCTOBER AT LATEST. MITI CONSIDERS IT MEANINGLESS FROM A BUSINESS POINT OF VIEW TO SPREAD OUT SMALL SHIPMENTS TO AND AFTER OCTOBER, AND HAS NO PLANS TO REQUEST THAT THIS BE DONE.

4. MITI HAS DETERMINED THE ALLOCATION OF A QUOTA TO EACH STEEL COMPANY IN ACCORDANCE WITH THE COMPANY'S PRODUCTION PLANS. HOWEVER, THE SELECTION OF SHIPMENTS WITHIN EACH ALLOCATION HAS BEEN ENTIRELY LEFT TO EACH COMPANY'S DISCRETION AS A "BUSINESS DECISION". MITI HAS "POINTED OUT" TO EACH COMPANY THAT IT SHOULD NOT BE DISCRIMINATORY TOWARDS "UNFAVORABLE" CONTRACTS AND SHOULD CARRY OVER CONTRACTS BEYOND ALLOCATION TO NEXT YEAR RATHER THAN CANCEL "BECAUSE THE SITUATION WILL BE STABILIZED THEN." THE REPORTING OFFICER STRESSED THE USEFULNESS OF MITI EXERTING MORE INFLUENCE, BUT MR. NAKANO REITERATED THAT MITI HAD NO LEGAL AUTHORITY TO DO MORE THAN IT HAD.

5. MR. NAKANO CONSIDERS IT INEVITABLE THAT SOME CONTRACTS WILL BE CANCELLED, ACCORDING TO HIM, SOME LOTS CONTRACTED FOR WERE COLLECTED FOR EXPORT ONLY, AND EXPORT-ORIENTED LOTS WILL HAVE PRIORITY OVER THOSE THAT CAN BE EASILY SWITCHED TO DELIVERY FOR U.S. USERS, REGARDLESS OF THE TYPE OF CONTRACTS (I.E., CIF OR FOB CONTRACTS, ETC.).

6. MITI'S SURVEY INDICATES THAT THERE ARE FEW CONTRACTS LIMITED OFFICIAL USE

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DESTINED FOR THIRD COUNTRIES. MITI BELIEVES THAT THE DOC MAY MORE EASILY OBTAIN INFORMATION ON THESE CONTRACTS THAN THE GOJ UNDER THE PRESENT U.S. REPORTING SYSTEM ON SCRAP EXPORTS.

7. MITI WILL STUDY THE U.S. REQUEST FOR THE JAPANESE SUBMISSION OF LICENSE COPIES (ROSTERS) TO USG. HOWEVER, THE GOJ FAILED TO OBTAIN COPIES OF EXPORT DECLARATIONS ON

LUMBER EXPORTS FROM USG AND MR. NAKANO THINKS THAT THIS
MAY COLOR MITT'S DECISION.
SHOESMITH

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